

# **THE TORSCE™ METHOD**

By Mark Evans DM

# Chapter 1: Time - The Most Critical Factor

In business, time is the one resource you can never get back. You can make more money, hire more employees, and acquire more assets, but once time is spent, it's gone. That's why **time** is the first and most critical factor in the TORSCE™ Rating Scale. It's essential to evaluate whether a potential business acquisition aligns with your lifestyle, existing commitments, and long-term goals.

As entrepreneurs, we often juggle multiple ventures, and our calendars are filled to the brim. According to **Harvard Business Review**, CEOs spend an average of **62.5 hours per week** working, but only a fraction of that time—about 3%—is spent on strategy and long-term planning. The majority of their time is consumed by day-to-day operations. This underscores the importance of carefully evaluating how much time a new acquisition will demand. Will it add to your overall productivity, or will it drain your time?

## The Time Equation

When I evaluate a deal, the first thing I consider is how much **time** it will consume. If the time required is extensive—especially in the early stages—this is often a deal-breaker for me. A business may offer the potential to earn more money, but if it eats up your most valuable asset (time) and takes you away from growing your other ventures or personal pursuits, it may not be worth it.

I've created a personal time scale, where I rate opportunities on a scale from 1 to 10, with 1 representing minimal time commitment and 10 indicating a substantial, ongoing time sink. Any business opportunity that rates higher than a 5 in terms of time is an automatic pass. I have found that **clarity** is crucial—both with myself and with the people

involved in the deal. If I know that the business will take significant time and doesn't align with my larger goals, I won't force it just because it could generate extra income.

## **Setting Clear Expectations**

Setting upfront expectations about time commitment is key. One of the biggest mistakes entrepreneurs make is underestimating how much time it takes to get a new business off the ground or manage it efficiently. A **2019 survey by SCORE** found that **39% of small business owners work over 60 hours a week**. Many of these business owners felt their time was being consumed by tasks that could be delegated, automated, or avoided altogether.

### **When I assess a deal, I ask myself these critical questions:**

- Does this business fit within my current time structure?
- Will it require more hands-on involvement than I'm willing to give?
- Can the day-to-day operations be handled by a team without my constant oversight?

## **Optimizing Time for Growth**

Remember, business ownership isn't just about generating revenue; it's about creating freedom—financial and otherwise. A business should be a vehicle that drives growth, not a trap that confines you. Time is directly tied to scalability. If the business you're considering takes more time than you're willing to invest, it will hinder your ability to scale other ventures or even maintain a balanced life.

**Final Thought:** Your time is your greatest asset. By understanding the time requirements of a business deal upfront, you can focus on opportunities that align with your vision of growth while maintaining control of your schedule and avoiding burnout.

# Chapter 2: Opportunity Cost – Maximizing Gains Without Sacrifice

In the world of business acquisitions, **opportunity cost** is a concept that many overlook, but it's one of the most crucial elements to consider. Opportunity cost is the value of the next best alternative that you give up when you choose one option over another. In simple terms, it's the potential gain you forgo when deciding to invest your time, money, and resources into one business over another. This is why it's essential to understand not just what you're gaining from a deal, but also what you're potentially losing.

## The Hidden Costs of Every Decision

Opportunity cost can often be subtle and difficult to calculate. You may be so focused on the profitability of a new acquisition that you fail to account for how it detracts from what's already working in your current portfolio. For example, let's say you have a business that is generating a steady, reliable profit, and you decide to invest in a new startup. While the startup may have the potential for higher returns, it could also demand so much attention and capital that your current business suffers, leading to stagnation or even decline.

A **McKinsey & Company** study found that **60% of companies fail to achieve significant returns on mergers and acquisitions** because they don't fully understand the costs of shifting focus from their existing core operations. When you invest in one business, you're taking resources away from another. The key is to make sure that the new venture either complements your existing operations or offers returns that more than justify any loss of focus.

## Balancing Opportunity Cost With Long-Term Goals

One of the biggest lessons I've learned in business is that not all opportunities are created equal. A new acquisition may look great on paper, but if it pulls you away from a successful enterprise that's already scaling, the real cost could be much higher than anticipated. That's why I constantly ask myself: **Is this deal worth the opportunity cost?**

When evaluating a new acquisition, consider how it aligns with your long-term goals. Does it offer a unique opportunity that can't be replicated elsewhere? Does it complement your current businesses or stretch your resources too thin? A **Deloitte report** found that companies which strategically align acquisitions with long-term goals experience **50% higher growth** than those that simply chase the next big deal.

## Questions to Assess Opportunity Cost

Here are a few key questions I always ask myself before making any business decision:

- **What am I giving up by pursuing this deal?** Will this take away from time, money, or energy that could be better spent elsewhere?
- **Does this deal align with my current business focus?** If it's pulling resources from a thriving business, the opportunity cost may outweigh the potential benefits.
- **Can my existing businesses operate smoothly without my constant involvement if I take on this new project?** If the answer is no, it may be time to reconsider.

## The Opportunity Cost of Time

Opportunity cost isn't just about money; it's also about time. Investing time in one venture means sacrificing time you could be using to scale

another, more profitable project. A **2022 report by Sage** shows that **64% of small business owners believe their growth is slowed by having to manage too many tasks at once**. By spreading yourself thin, you risk slowing the growth of your most successful ventures for the sake of something that may never pan out.

### **Maximizing Gains While Minimizing Losses**

The most successful entrepreneurs are those who understand that every decision carries both visible and hidden costs. The goal is to make decisions where the potential gains outweigh the opportunity costs, not just in the short term but for your overall business strategy.

For instance, if the new business has synergy with your current operations—allowing you to leverage existing infrastructure, staff, or technology—that could reduce the opportunity cost significantly. This is the sweet spot where acquisitions make the most sense.

### **Final Thought: Be Strategic, Not Reactive**

In the fast-paced world of business, it's easy to get swept up by exciting new opportunities. But always remember, every deal has an unseen cost. By carefully weighing the opportunity cost against your existing operations, you can make smarter, more strategic decisions that drive long-term growth without sacrificing what's already working. Be mindful, not reactive, and always keep your bigger picture in focus.

# Chapter 3: Risk – Embrace It, But Know the Game

Risk is an inherent part of any business venture, but how you perceive and manage it makes all the difference between success and failure. Most people see risk as something to be avoided, but the truth is, **calculated risk** is often the key to unlocking the most rewarding opportunities. Successful entrepreneurs don't fear risk; they understand it, respect it, and use it to their advantage.

## Understanding Risk in Business

In business, the perception of risk can often be skewed. Many people shy away from opportunities because they view risk as dangerous or unpredictable. However, risk isn't the enemy—it's a tool. As Warren Buffett famously said, "Risk comes from not knowing what you're doing." The more you understand a business, an industry, or a market, the more you can mitigate and manage risks effectively.

A study by **Harvard Business School** found that **84% of successful entrepreneurs attribute their ability to take calculated risks as a key factor in their success**. They learned how to assess risk not as a barrier but as a stepping stone to growth. This mindset shift is critical when evaluating any business acquisition.

## Risk Diminishes With Knowledge

The more you understand the intricacies of the business you're acquiring, the lower the risk becomes. When I approach a deal, I always ask myself: **Do I truly understand the game I'm playing?** If I do, I'm much more comfortable embracing the risks involved. But if I don't have a clear grasp on how the business operates, the risk

becomes far greater, and I have to decide if it's worth the time to acquire that knowledge.

A **Deloitte study** supports this by showing that companies with deep industry expertise are **35% more likely to succeed** in acquisitions than those without. This demonstrates the importance of being informed. It's not about avoiding risk—it's about diminishing it through knowledge.

### **Respect Both Luck and Risk**

I once heard a quote from my friend David that stuck with me: "Respect luck as much as you respect risk." Luck plays a role in every business venture, whether we acknowledge it or not. You can do everything right—research, strategy, execution—but sometimes luck is the determining factor in success. However, this doesn't mean you should rely on luck. Instead, **balance your respect for luck with a deep understanding of risk.**

### **Three Types of Risk to Consider**

When evaluating a business acquisition, I consider three main types of risk:

1. **Financial Risk:** This involves the potential for loss of capital. A business with unstable cash flow or high debt levels poses higher financial risk. According to **JP Morgan's 2023 Business Risk Report, 65% of failed acquisitions cite poor financial health** as the primary cause.
2. **Market Risk:** This refers to the risk that comes with changes in the market landscape. Will the business be able to withstand shifts in consumer behavior or economic downturns? Market risk is unpredictable, but businesses that are adaptable have a better chance of surviving.

3. **Operational Risk:** This is the risk that comes from the day-to-day operations of the business. How reliant is the business on a specific person, process, or system? If the operations are fragile or heavily dependent on a single point of failure, the risk is high.

Understanding and evaluating these risks gives me a clear picture of whether a business is worth pursuing.

### **Mitigating Risk Through Preparation**

Mitigating risk is about preparation and having contingency plans in place. For example, when buying a business, I look at its financials, customer base, and operational systems to see where potential risks lie. If the business has a strong, diversified customer base and reliable cash flow, that's a sign the financial risk is manageable. On the other hand, if the business relies heavily on one or two clients or has irregular revenue streams, the financial risk is much higher.

A **2022 report from Bain & Company** found that companies with strong contingency planning are **40% more likely to succeed** in acquisitions. Planning for the worst-case scenario allows you to better handle the bumps that inevitably come with any business.

### **Don't Run From Risk—Embrace It**

Risk shouldn't be feared—it should be embraced. Some of the greatest opportunities are hidden behind what appears to be significant risk. The key is learning how to manage that risk and leverage it to your advantage. The more experience you gain, the better you'll become at assessing which risks are worth taking and which should be avoided.

Risk is also where innovation happens. A **KPMG study** showed that **70% of the fastest-growing companies in the world** took calculated risks that others shied away from. By stepping into risk when others hesitated, these businesses unlocked new markets, new revenue streams, and new possibilities.

## **Final Thought: Learn From Risk, Don't Fear It**

When evaluating a business deal, always assess the risks with an open mind. Don't let fear of the unknown prevent you from exploring an opportunity. Risk is part of the entrepreneurial journey, and those who learn how to manage it effectively reap the rewards. Take the time to understand the game you're playing, respect both risk and luck, and always remember that risk, when managed properly, can be your greatest ally in achieving success.

# Chapter 4: Skill – Leveraging Your Expertise

When considering a business acquisition, one of the most important factors to evaluate is your **skill set** and the expertise you bring to the table. While financial capital, market opportunity, and potential returns are crucial, your ability to execute on the business's vision and manage its operations can make or break your success. This is where self-awareness and a realistic evaluation of your skills come into play.

## Do You Have the Right Skills?

A key question to ask yourself before diving into any business acquisition is: **Do I have the skills necessary to make this business work?** If you don't, do you have access to people who do?

Your skill set can be broken down into two categories: **technical skills** and **leadership skills**. Both are vital in ensuring the success of a business. For example, technical skills may include industry-specific knowledge or operational expertise, while leadership skills involve managing teams, setting a vision, and creating a thriving company culture.

## Knowing the 'Who,' Not Just the 'How'

One important lesson I've learned over the years is that you don't necessarily need to know **how** to do every single task in a business, but you must know **who** does. In other words, understanding the critical functions of the business and identifying the right people to execute them is often more valuable than knowing every technical detail yourself.

The key is to recognize your limitations and be honest about where you might need external help. This is especially important in sectors

where you may not have deep experience. For example, if you're considering buying a software company but don't have a background in coding, your role would be to manage the business, not write code. In this case, you'll need to bring in skilled engineers to handle the technical aspects while you focus on strategic growth.

A **2019 study by the Small Business Association (SBA)** found that **70% of successful small business acquisitions involved external partners** with specialized expertise. This reinforces the idea that success comes not only from what you personally know, but from surrounding yourself with the right talent.

### **Self-Awareness: Be Honest About Your Strengths and Weaknesses**

Entrepreneurs often wear multiple hats, but it's critical to be realistic about where your skills shine and where you may need support. Overestimating your abilities can lead to costly mistakes, while underestimating your capacity can cause you to pass on great opportunities. The goal is to strike a balance—acknowledge what you're great at, and don't be afraid to seek help in areas where you lack experience.

For example, **Harvard Business Review** published a report showing that **80% of failed business acquisitions were due to poor management and lack of operational expertise**. This is a clear reminder that you can't wing it when it comes to running a business. You need to either possess the necessary skills or have a strategy for acquiring them, whether through hiring, partnerships, or outsourcing.

### **Leveraging Team Skills**

If you're honest with yourself about your strengths and weaknesses, you'll also recognize the importance of building a strong team around you. Your team can make up for any gaps in your skill set and help you scale the business faster.

A **Gallup study** showed that companies with engaged, high-performing teams experience **21% higher profitability** than those with lower engagement levels. Building a team with complementary skills can significantly reduce your operational risk and increase the chances of success in any business acquisition.

### **When Skills Are a Deal-Breaker**

There are times when a lack of skills or expertise may be a deal-breaker. If the business you're acquiring is in a highly technical field that requires a deep understanding of industry-specific processes or regulations, and you don't have the necessary skills or resources to bridge the gap, it's probably not the right fit.

For example, if you're buying a pharmaceutical company but don't have the scientific expertise or a network of qualified professionals in the industry, the learning curve may be too steep to make the acquisition viable. This is why it's critical to evaluate both your skills and your access to a network of capable individuals who can fill in the gaps.

### **Acquiring New Skills**

In some cases, you may be willing to acquire new skills in order to pursue a business opportunity. However, be mindful of how long it will take to build the expertise required to run the business successfully. The process of acquiring new skills can be time-consuming and costly, which ties back into the previous chapters on **Time** and **Opportunity Cost**. Always weigh whether the potential returns justify the time and resources spent learning.

For instance, a **2022 LinkedIn Learning report** found that **59% of business leaders feel they lack the necessary skills to manage modern business operations**, leading to slower growth and missed opportunities. If learning the necessary skills will take you away from

focusing on your core competencies, it may be better to hire an expert rather than investing time in building those skills yourself.

### **Know Your Strengths and Outsource the Rest**

When evaluating a business opportunity, always consider your skill set and the expertise required to run the business effectively. Be honest about your strengths and weaknesses. Surround yourself with a strong team that complements your abilities, and don't be afraid to seek external help. The most successful entrepreneurs aren't the ones who know how to do everything themselves; they're the ones who know how to find the right people to get the job done.

In the end, **leveraging your strengths** and outsourcing or partnering for the rest will not only maximize your efficiency but also significantly increase your chances of making any business acquisition a success.

Also, tapping into Masterminds is a great way to build your relationship capital and find contacts to outsource your weaknesses.

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# Chapter 5: Cash Flow – The Lifeblood of a Business

Cash flow is the oxygen that sustains any business. Without a steady, predictable stream of cash, even the most promising business ventures can quickly fall apart. When evaluating a potential business acquisition, cash flow should be one of your top priorities. It's not just about how much money the business makes—it's about how quickly and consistently the money flows in and whether that cash flow is sufficient to cover operating expenses and fuel growth.

## Why Cash Flow Matters More Than Profit

It's easy to get caught up in looking at a business's profitability, but **cash flow** is often more important than profit when assessing the health of a business. Profit is a long-term indicator of success, but **cash flow** represents the day-to-day financial health of the business. A company may be profitable on paper, but if it has negative cash flow—meaning it doesn't have enough liquid assets to cover its immediate expenses—it's at risk of failure.

According to a report by **U.S. Bank, 82% of small businesses fail due to poor cash flow management.** Even profitable businesses can crumble if they don't manage their cash flow properly, leading to an inability to pay bills, meet payroll, or invest in growth opportunities.

## Understanding the Timing of Cash Flow

When evaluating a business, it's crucial to understand the timing of its cash inflows and outflows. Does the business receive payments regularly, or does it have long payment cycles that could create cash flow gaps? If the business relies on accounts receivable and has

customers who take 60 or 90 days to pay invoices, that's a red flag, especially if it doesn't have a solid cash reserve.

For example, a business with \$1 million in revenue may look appealing, but if most of that revenue is tied up in unpaid invoices, it may not have the liquidity to meet short-term obligations. This is why I prioritize businesses that generate **immediate cash flow**, especially in the first week or month of operations. Quick cash flow allows for faster reinvestment and reduces financial strain.

### **Cash Flow in Startups vs. Established Businesses**

One of the main reasons I tend to shy away from startups is the lack of immediate cash flow. Startups often require a large upfront investment with little or no revenue in the early stages, which can strain finances. Startups typically burn through cash before they become profitable, which increases the risk of failure. A **CB Insights report** found that **38% of startups fail because they run out of cash** before becoming sustainable.

On the other hand, established businesses with a proven track record of positive cash flow are much more attractive. They may require some investment, but if they have a reliable and consistent cash flow, they are far less risky. An established business with immediate cash flow provides a cushion to cover unexpected expenses and fund growth initiatives.

### **Evaluating Cash Flow Metrics**

When assessing the cash flow of a potential acquisition, there are a few key metrics to look at:

1. **Operating Cash Flow (OCF):** This represents the cash generated by the business's core operations. A positive OCF means the business is generating more cash than it's spending on operations, which is a strong sign of financial health.

2. **Free Cash Flow (FCF):** Free cash flow is the cash remaining after a business has paid for its operating expenses and capital expenditures. This is important because it shows whether the business has enough cash to reinvest in growth, pay dividends, or reduce debt.
3. **Cash Flow Forecasting:** This is the business's projection of future cash inflows and outflows. A good forecast will show if the business is expecting cash flow gaps in the future and how it plans to address them.

Cash flow metrics provide valuable insight into how the business handles its day-to-day finances and whether it has enough liquidity to stay afloat during tough times.

### **Recurring Revenue Models: The Holy Grail of Cash Flow**

If possible, I look for businesses that operate on a **recurring revenue model**. This type of model—where customers pay on a regular basis, whether monthly or annually—creates predictable and stable cash flow. Subscription services, membership-based businesses, and service contracts are prime examples of recurring revenue models.

A **2020 analysis by Zuora** found that companies with a recurring revenue model grow **4 to 8 times faster** than those that rely on one-time sales. The predictability of recurring revenue allows for better planning, easier forecasting, and more efficient cash management.

### **When Cash Flow Is a Red Flag**

Cash flow isn't just about the amount of money coming in—it's also about where that money is coming from. A business that relies on a few key customers for the majority of its revenue is vulnerable. If one or two of those customers leave, the cash flow could dry up overnight.

This is called **customer concentration risk**, and it's a major red flag when assessing an acquisition.

If a business has a diverse customer base with no single client accounting for more than 10% of its revenue, the risk is lower. Diversified revenue streams provide greater stability and reduce the likelihood of cash flow disruptions.

### **Final Thought: Cash Flow First, Everything Else Second**

Cash flow is the lifeblood of any business, and it should be one of the first things you look at when evaluating a potential acquisition. Without steady and reliable cash flow, even a business with great profit potential can falter. Make sure the business you're considering has a proven ability to generate cash quickly and consistently, and always prioritize liquidity when making your decision.

In the end, a business that generates positive cash flow can sustain itself, reinvest in growth, and provide you with financial security—all crucial components of long-term success. Cash flow is king, and a solid cash flow strategy will ensure that your business acquisition thrives for years to come.

# Chapter 6: Enterprise Value – Building With the Exit in Mind

When buying a business, most entrepreneurs focus on immediate gains such as cash flow and profitability. While these are critical, it's equally important to consider the **enterprise value**—the long-term value of the business and its potential for a profitable exit. **Enterprise value** reflects not only what the business is worth today, but also what it can be worth in the future, especially when the time comes to sell or exit.

## What Is Enterprise Value?

**Enterprise value (EV)** is a measure of a company's total value, including its equity and debt, minus cash and cash equivalents. It provides a comprehensive picture of a business's worth, factoring in both the good (assets) and the bad (liabilities). It's often used by investors and buyers to determine how much they would need to pay to acquire a company outright.

However, enterprise value goes beyond mere calculations of what a business is worth today. When assessing a potential acquisition, I always ask: **How can I grow this business to increase its enterprise value?** Knowing your exit strategy from the beginning helps you plan for growth and maximize the value of your investment.

## Thinking About the Exit Early

Most entrepreneurs don't consider their exit strategy when they enter a business deal. But **thinking about the exit upfront** is a smart approach. Understanding what your end goal is—whether it's selling the business, merging with another company, or taking it public—shapes your decisions along the way.

For example, if you're acquiring a business with the goal of selling it in 5-10 years, you need to focus on the factors that will drive enterprise value over that time. According to a **PwC study**, businesses that strategically build towards a defined exit strategy tend to sell for **25% higher** than businesses that don't have a clear plan.

## **Key Factors That Drive Enterprise Value**

When considering the **enterprise value** of a business, there are several factors you should prioritize:

1. **Revenue Growth:** A business that demonstrates consistent, scalable revenue growth is far more attractive to potential buyers. A **CB Insights report** found that **76% of acquisitions** are made because the target company offers significant revenue growth potential.
2. **Profitability:** While revenue growth is crucial, profitability remains a key driver of enterprise value. A company that consistently turns a profit, especially with healthy margins, will command a higher price when you decide to exit.
3. **Market Position:** A business with a strong brand, competitive advantage, and a solid position in its market is more valuable. A **Deloitte study** found that companies with a dominant market position and strong brand identity sell for **30% higher multiples** than businesses without these advantages.
4. **Recurring Revenue:** Businesses with recurring revenue streams—like subscription models or long-term contracts—tend to have much higher enterprise values because they offer predictable cash flow. Recurring revenue reduces risk for buyers and increases the attractiveness of the acquisition.
5. **Operational Efficiency:** Businesses that run smoothly and efficiently are more valuable because they're easier to scale. If the business you're acquiring has well-documented processes, a

streamlined supply chain, or low operating costs, this will increase its enterprise value.

6. **Customer Diversification:** A business with a broad, diversified customer base is less risky and, therefore, more valuable. Companies with **low customer concentration risk**—where no single client makes up more than 10% of revenue—are seen as safer investments.

## **Building Enterprise Value With the Exit in Mind**

Building enterprise value starts with understanding what potential buyers or investors will look for in the future. If you're purchasing a business today, the decisions you make will either enhance or diminish the company's value when it's time to sell.

Here are some steps to focus on:

1. **Scale the Business:** To increase enterprise value, work on scaling the business by increasing revenue, expanding market share, or offering new products and services. The faster you grow the company, the more attractive it will be to future buyers.
2. **Improve Operational Efficiencies:** Tighten up the business's operations by cutting unnecessary costs, streamlining processes, and implementing technology that enhances productivity. Buyers are willing to pay more for businesses that are efficient and easy to manage.
3. **Strengthen the Customer Base:** Focus on acquiring new customers while maintaining strong relationships with existing ones. Reducing customer churn and diversifying your revenue base are critical for boosting enterprise value.
4. **Develop a Strong Management Team:** A business that relies too heavily on the owner for day-to-day operations is less attractive to buyers. By building a strong, independent management team,

you can increase the business's value, as buyers will feel confident that it can run without you.

5. **Plan for Strategic Acquisitions or Partnerships:** Sometimes, merging with or acquiring complementary businesses can enhance your enterprise value. If there's an opportunity to combine resources, expand product offerings, or enter new markets, strategic acquisitions can make your business more attractive to larger buyers.

## **The Multiplier Effect**

Different industries have different **valuation multiples**, which means that businesses in certain sectors will sell for more based on their revenue or profit. For example, a tech startup with recurring revenue might sell for **5 to 10 times** its EBITDA, while a retail business may only sell for **2 to 3 times**.

Understanding the typical **valuation multiples** in your industry can help you gauge whether a business is likely to command a high sale price down the road. When considering an acquisition, think about how you can position the business in a way that maximizes its multiple when the time comes to exit.

## **When Enterprise Value Is a Deal-Breaker**

In some cases, you may identify a business that seems profitable and has good cash flow but lacks long-term enterprise value. For example, if the business is in a declining industry or is too reliant on outdated technology, its future growth potential may be limited. In these cases, even if the business looks good now, it may not be worth investing in if it can't command a strong sale price down the line.

## **Final Thought: Build for the Exit, But Focus on Growth**

While it's important to consider enterprise value from the outset, don't become so focused on the exit that you neglect growth. The best way

to build enterprise value is to grow a healthy, thriving business that attracts potential buyers naturally. By thinking ahead and making strategic decisions today, you can ensure that your acquisition is not only successful in the short term but also commands a high price when you're ready to exit.

Remember, every business you acquire should have a clear path to increasing its **enterprise value**, whether through revenue growth, operational improvements, or market expansion. Build with the end in mind, and you'll set yourself up for a profitable future exit.

# Conclusion: The Power of the TORSCE™ Rating Scale

Business buying is an art, and the TORSCE™ Rating Scale provides a clear, effective framework for making smart, fast decisions. By focusing on **Time, Opportunity Cost, Risk, Skill, Cash Flow, and Enterprise Value**, you can quickly assess whether a business opportunity aligns with your goals and has the potential for long-term success.

At its core, the TORSCE™ framework helps you answer the critical question: **Is this the right deal for me?** In business acquisitions, not every opportunity is worth pursuing. Some deals may look attractive on the surface but, upon closer inspection, don't align with your vision or require too much time, risk, or skill. Others may have promising financial returns but could take you away from what's already working in your portfolio. The TORSCE™ method ensures you're able to look beyond surface-level appeal and make decisions based on a holistic evaluation.

Here's a final look at how the TORSCE™ Rating Scale helps you make better decisions:

- **Time:** Every entrepreneur's most valuable resource. If a deal consumes too much of your time and distracts from your core businesses or personal life, it's not worth it.
- **Opportunity Cost:** For every deal you say "yes" to, you're saying "no" to something else. Ensure the new acquisition doesn't detract from your existing successes.
- **Risk:** Smart entrepreneurs embrace risk but manage it effectively. Understanding the game you're playing allows you to make calculated decisions rather than fear-driven ones.

- **Skill:** Be honest about your capabilities and whether you have the right team to execute on the business's potential. Know when to rely on others to fill in your skill gaps.
- **Cash Flow:** The lifeblood of any business. Prioritize deals with immediate or predictable cash flow to avoid liquidity issues down the road.
- **Enterprise Value:** Always build with the exit in mind. A business with strong enterprise value will offer you the most return when the time comes to exit or sell.

## The Road Ahead

Using the TORSCE™ framework, you're equipped to evaluate business acquisitions with clarity and confidence. The decisions you make now will not only impact your immediate financial success but also shape your long-term wealth and legacy. By focusing on deals that align with your goals, leveraging your skills, and managing your time effectively, you can build a portfolio of thriving businesses that work for you—not the other way around.

Remember, the best business deals aren't just about making money today; they're about creating opportunities that offer sustainable growth, freedom, and a clear path to a profitable exit in the future. The TORSCE™ Rating Scale will guide you toward those opportunities and help you make smarter, faster, and more impactful decisions on your business buying journey.

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